

Are Corporations Sovereign?



The corporation, as it is structured today, has features that violate critical features of a free society. Primarily, only a [sovereign](#) entity can [treble land](#) or go into debt. The corporation does both.

Equally disturbing is the corporate ownership by speculators and passive investors. Both of these parties are interested in short or long-term profit and have no interest in the mission or day-to-day operations of the firm.

There is no mechanism to create a corporation under [land-based capitalism](#). Businesses are sole proprietorships, partnerships, family-owned, collectives, guilds, and other mutual organizations. Either the business is sovereign or consists of a partnership of sovereigns. Limited liability is an automatic feature of partnerships, however, partners that act in bad faith can be sued by the other partners and externally for damages.

Nevertheless, at [federation](#), there will be many legacy corporations. We wish they would all privatize, but that will not happen.

Inevitably, the free market will kill legacy corporations. The [Earth Dividend](#) allows a startup of partners to pay no salary. A single spouse working outside the collective can bring in enough discretionary cash to make that possible. Unlimited capital from [citizen investors](#) is only available while salaries are on hiatus.

Furthermore, [mixed-use collectives](#) eliminate the cost of office rent over and above the Dividend. A collective of 100 people will have \$40,400 a month from the housing distribution to pay ground rent and other housing costs. This will support a multi-million-dollar factory plus a dormitory for housing. A slightly remote location will allow most of the Earth Dividend to go for a mortgage.

A mixed-use collective competes with a corporation without the expense of labor and without the expense of rent. The collective has access to a virtually unlimited supply of capital, provided the business plan is deemed sound. Collusion between small players is acceptable, although contracts of collusion are not enforceable.

Corporations with a large body of [intellectual property](#) will see revenue growth, as competitors have full access to the ideas. The monopoly, however, will disappear.

It is impossible for the corporation which must pay salaries, must pay rent, and must provide a return to shareholders to compete. But the downfall of the publicly-owned corporation will take time.

During the VIP\$ [hyperdeflation](#), shares will hold some of their real value, but also adjust to the inevitable outcome. The corporate bottom line will be helped by the evisceration of its bonds. Already operating at a disadvantage to the [Phase II](#) collective, shareholder return will be the first expense to go. Most corporations will privatize at this discount. Shareholders will be pleased that some real value remains.

Those legacy corporations that remain must be treated as sovereign entities to prevent chaos at [federation](#). A majority of the board of directors, or as otherwise specified in the corporate charter, have the ultimate power to treble land or go into debt for the sovereignty. These powers can be delegated within the company.

Such special rights are grandfathered for legacy corporations and not extended to new public offerings. One hundred years after [Worldwide Federation](#), it is unlikely any legacy corporations will remain.